


# TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

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May 22, 2007

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor 

FROM: Wayne H. Western, Team Lead *WHW*

RE: Reclamation Cost Review, Andalex Resources, Inc., Wildcat Loadout,  
C/007/0033, Task ID #2629

## SUMMARY:

The Division undertook a review of the reclamation cost estimate and bond amount for the permittee operations that were recently acquired by Murray Energy. The Division recently reviewed the Wildcat Loadout reclamation cost estimate not only as part of the midterm review and determined that the bond is not adequate.

The Division is currently working on the Wildcat Loadout midterm review. The Division address the bond deficiency in the midterm review.

**TECHNICAL MEMO**

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**TECHNICAL ANALYSIS:**

**RECLAMATION PLAN**

**BONDING AND INSURANCE REQUIREMENTS**

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

**Analysis:**

**Determination of Bond Amount**

The Permittee did not meet the minimum requirements of this section of the regulations. The current bond is inadequate to insure reclamation in the event of bond forfeiture. The posted bond is for \$651,000. The Division updated the cost using 2007 unit cost and determined that the reclamation cost to be \$977,000. The Division escalated the reclamation cost for 5 years at 3.2% per year. Based on the escalation the bond amount must be a minimum of \$1,144,000.

**Findings:**

The information in the MRP is not adequate to meet the requirements of this section. Before the Division can approve the midterm review, the Permittee must provide the following in accordance with:

**R645-301-830.200,** The Permittee must post a minimum bond of \$1,144,000 and include the Division's reclamation cost estimate in the MRP. The Division will provide the Permittee with either a paper or electronic copy of the reclamation cost estimate.

**RECOMMENDATIONS:**

The Division recommends that the bond deficiency be handled as part of the midterm review.